

THEORETICAL APPROACHES TO ASSESSING THE SUSTAINABLE DEVELOPMENT OF SMALL BUSINESSES

Adashev Azimjon Urinboyevich

NamDTU, Associate Professor of the Department of Management

azimray@mail.ru (998 97 2519291)

Abstract

The importance of small business in ensuring economic growth and sustainable development in the world economy is growing. This sector has a positive impact on solving such issues as strengthening the competitiveness of the economies of developed countries, introducing the achievements of scientific and technological progress into production, creating new jobs and increasing the income of the population. The article presents theoretical approaches to assessing the sustainable development of small business reviewed.

Keywords: Sustainable development, indicator approach, financial, social, environmental indicators, liquidity ratios, debt burden, profitability, cash flows.

Introduction

The issue of assessing the sustainable development of small businesses is one of the most complex and controversial scientific problems in modern business economics. In practice and in scientific research, various methodological approaches are used to assess sustainable development, but most of them rely on indicators of general economic growth or financial efficiency. This leads to a failure to fully take into account the specific characteristics of small businesses - limited resources, high risk, sensitivity to the institutional environment, and regional differences.

Review of literature on the topic. The scientific works of SSG'ulomov, DSQosimova, Yo.A.Abdullaev, MRBoltabaev, MSQosimova, SH.J.Ergashkhodjaeva, BKG'oyibnazarov, ANSamadov, AAXadzhimuratov [1] on the formation and development of general aspects of small business entities in Uzbekistan can be noted separately. The issues of econometric modeling and forecasting of development trends of small business and entrepreneurship were studied in the research works of B.Yu.Khodiev, BTSalimov and SKSalaev [2]. UVGafurov's work on improving economic mechanisms of state regulation of small business, OAAripov's work on state regulation of small business and development of the business environment, MMibrahimova conducted scientific research on increasing the efficiency of small business and private entrepreneurship based on structural changes [3]. XPAbulqosimov, IABakieva, NKMurodova, GQAbdurakhmonova, Q.Muftaydinov and AAKulmatov [4] conducted research on the socio-economic problems of developing the activities of small business entities.



The research methodology used dialectical methods, the method of analyzing economic processes, and comparative and statistical analysis methods.

Analysis and results

A thorough analysis and critical assessment of existing methodological approaches is necessary, since it is this stage that will later serve as a scientific basis for the development of a new or improved assessment methodology. In this regard, this paragraph systematically reviews the main methodological approaches to assessing the sustainable development of small businesses, reveals their advantages and disadvantages, and formulates critical conclusions from the point of view of entrepreneurial economics.

Indicator approaches in assessing sustainable development

One of the methodological approaches widely used in the scientific literature is the indicator assessment method. According to this approach, sustainable development is assessed through separate economic, financial, social, and sometimes environmental indicators. For example, for small businesses, indicators such as profit, income growth, employment rate, and investment volume are considered as indicators of sustainability.

The main advantage of the indicator approach is its simplicity and practical applicability. Often, these indicators can be calculated based on official statistical data. However, a serious drawback of this approach is that it considers sustainable development not as a systematic process, but as a set of individual indicators. This limits the ability to reveal the internal mechanisms of small business sustainability.

Methodological approaches based on financial indicators

Another widely used approach to assessing the sustainable development of small businesses is to rely on financial indicators. In this methodology, sustainability is mainly equated with financial stability and is assessed through indicators such as liquidity ratios, debt burden, profitability, and cash flows.

The advantage of the financial approach is that it allows for a quantitative and accurate assessment of the economic performance of small businesses. These indicators are especially important for banks and investors. However, from the point of view of entrepreneurial economics, this approach has a number of limitations.

First of all, financial indicators often reflect short-term results and do not fully reflect long-term sustainable development. For example, a small business entity with high profitability may be technologically outdated or not ready to compete in the market. In addition, the reliability of financial reporting data is also questionable in conditions with a high share of the informal economy.

Approaches based on production efficiency

In some studies, the assessment of the sustainable development of small businesses is carried out through production efficiency indicators. In this case, labor productivity, return on capital, and resource efficiency are considered as the main indicators.



The advantage of this approach is that it allows us to identify the relationship between efficiency and sustainability. However, its main drawback is that it does not take into account the institutional and market factors of small business activity. Even an enterprise with efficient production may not be able to develop sustainably in an unfavorable institutional environment or in conditions of declining market demand.

Evaluation approaches based on integral indices

In recent years, the use of integrated indices in assessing sustainable development has been expanding. In this approach, various indicators are normalized and combined into a single integrated index based on certain weights. For small businesses, this is manifested in the form of indices that cover economic, financial, innovative and social indicators.

The main advantage of the integrated index approach is the possibility of a comprehensive and systematic assessment of sustainable development. However, this methodology also has serious drawbacks. First of all, the issue of determining the weights of indicators causes great controversy. Weighting based on expert assessments leads to subjectivity, while statistical methods may not adequately reflect the economic content.

Approaches based on econometric models

The use of economic-mathematical and econometric models in assessing the sustainable development of small businesses is one of the most scientifically sound approaches. In these methods, sustainability is taken as an outcome indicator and the factors affecting it are assessed through regression models.

The advantage of the econometric approach is the ability to identify cause-and-effect relationships. For example, it is possible to clearly demonstrate the degree of influence of financial performance, investment activity, or institutional factors on sustainability. However, in practice, many studies apply these models at the large enterprise or macroeconomic level, and do not sufficiently take into account the characteristics of small businesses.

Comparative criticism of foreign and national methodological approaches

Foreign studies often focus on innovation, competitiveness, and institutional quality when assessing the sustainable development of small businesses. National studies, on the other hand, focus on economic growth and employment indicators. This difference is also reflected in methodological approaches.

The main drawback of national methodologies is that most of them are normative and descriptive in nature, with limited possibilities for quantitative assessment. While foreign methodologies rely more on quantitative analysis, it is not always advisable to fully transfer them to national conditions.

The analysis of methodological approaches considered above shows that none of the existing methodologies for assessing the sustainable development of small businesses is perfect. Some are distinguished by their simplicity, while others are scientifically sound, but difficult to apply in practice. In many cases, methodological approaches do not sufficiently take into account the institutional, territorial and innovative characteristics of small businesses.



Therefore, there is a need to develop a comprehensive, multi-factorial and flexible assessment methodology within the framework of the study. This methodology should allow for an in-depth assessment of the sustainable development of small businesses, combining indicator analysis, integral indices and econometric models.

Conclusion and suggestions

In conclusion, the existing methodological approaches to assessing the sustainable development of small businesses demonstrate the accumulation of certain scientific experience in economic theory and practice. However, most of them do not fully meet the modern requirements of entrepreneurial economics. Therefore, the critical analysis carried out in this paragraph serves as a solid scientific basis for the improved assessment methodology proposed in the next chapter.

REFERENCES

1. Smith, A. (1776/1979), *An Inquiry into the Nature and Causes of the Wealth of Nations*, London: Methuen and Co.; Schumpeter, Joseph A. (1949), "Economic theory and entrepreneurial history", Landström, H. (2005), *Pioneers in Entrepreneurship and Small Business Research*, New York: Springer.
2. Адашев А. Ў. Корхоналарда инновацион ривожланишининг таркибий асослари //Научное знание современности. – 2017. – №. 4. – С. 8-12.
3. Адашев А. У., Аскаралиев А. Современные подходы к показателям и ценностям экономического развития //Теория и практика современной науки. – 2017. – №. 2. – С. 28-30.
4. АУ Адашев, ХО Арслонов Мотивация персонала как функция менеджмента-Мировая наука, 2019
5. AA Urinboevich Directions for ensuring the sustainable development of industrial enterprises in the context of economic liberalization. *International Engineering Journal For Research-2020*
6. Adashev, A. U., and A. M. Ismoilov. "The importance of organizational structure in small business management." *Экономика и социум 2-1* (2021): 21-26.
7. Urinboevich, Adashev Azimjon. "Analysis of sustainable development of small business components of the republic of uzbekistan." *E-Conference Globe. 2021.*
8. Adashev, A. U., and O. O. Yuldashev. "Theoretical fundamentals of organization and improvement of the production process in small business entities." *Экономика и социум 2-1* (2021): 27-30.
9. Adashev, Azimjon Urinboevich, and Abdulkholik Mukhiddin Ugli Ismoilov. "The Role Of Small Business In The Management Of The Organized Structure." *The American Journal of Applied sciences 3.04* (2021): 84-90.
10. Ibragimova, Mamura Muxiddinovna. "The Main Directions of Structural Changes in Small Business in the Implementation of Economic Reforms in Uzbekistan." *International Journal of Multicultural and Multireligious Understanding 8.8* (2021): 321-325.



11. AU Adashev Models of transition to market economy, their commonwealth and differences Экономика и социум, 2018
12. DS Kosimova, AU Adashev Directions to increase productivity competitiveness in industrial enterprises Economics and Innovative Technologies, 2019
13. AU Adashev The content bases of the innovative development in companies Высшая школа, 2017
14. Adashev, A. U. "Financial management as a system and mechanism of finance management." Экономика и социум 3 (2020): 6-8.
15. AU Adashev Principles and laws of management Экономика и социум, 2019
16. Adashev, Azimjon Urinboevich, and Abdulkholik Mukhiddin Ugli Ismoilov. "The Role Of Small Business In The Management Of The Organized Structure." The American Journal of Applied sciences 3.04 (2021): 84-90.
17. DK Sobirovna, AA O'rinboevich Directions for increasing product competitiveness in industrial enterprises Asian Journal of Multidimensional Research (AJMR), 2019
18. АУ Адашев Значение малого бизнеса и частного предпринимательства в вопросах занятости Молодой ученый, 2016
19. AA Urinboevich Theoretical bases of the organization of production process in small business subjects Conference Zone, 2021
20. AA Urinboevich Ways to improve the efficiency of small businesses Conference Zone, 2021
21. АЎ Адашев Кичик бизнес субъектларида ишлаб чиқариш жараёнини ташкил этиш ва такомиллаштиришнинг назарий асослари Экономика и финансы (Узбекистан), 2020
22. АЎ Адашев Иқтисодиётни либераллаштириш шароитида саноатни ривожлантиришнинг устувор йўналишлари Экономика и финансы (Узбекистан), 2020
23. AA Urinboevich Theoretical Principles Of Organizing And Improving The Production Process In Small Business Subjects Journal of Pharmaceutical Negative Results, 2022
24. AA Urinboevich EXPERIENCE OF FOREIGN COUNTRIES ON SUSTAINABLE DEVELOPMENT AND INCREASING THE EFFICIENCY OF SMALL BUSINESSES ASIA PACIFIC JOURNAL OF MARKETING & MANAGEMENT, 2022
25. АЎ Адашев КИЧИК БИЗНЕС СУБЪЕКТЛАРИНИ БАРҚАРОР РИВОЖЛАНТИРИШИНИ ТАЪМИНЛАШ МУАММОЛАРИ Ta'lim fidoyilari, 2022
26. AA Urinboevich Principles of Effective Management of Small Business International Journal of Progressive Sciences and Technologies 2020

